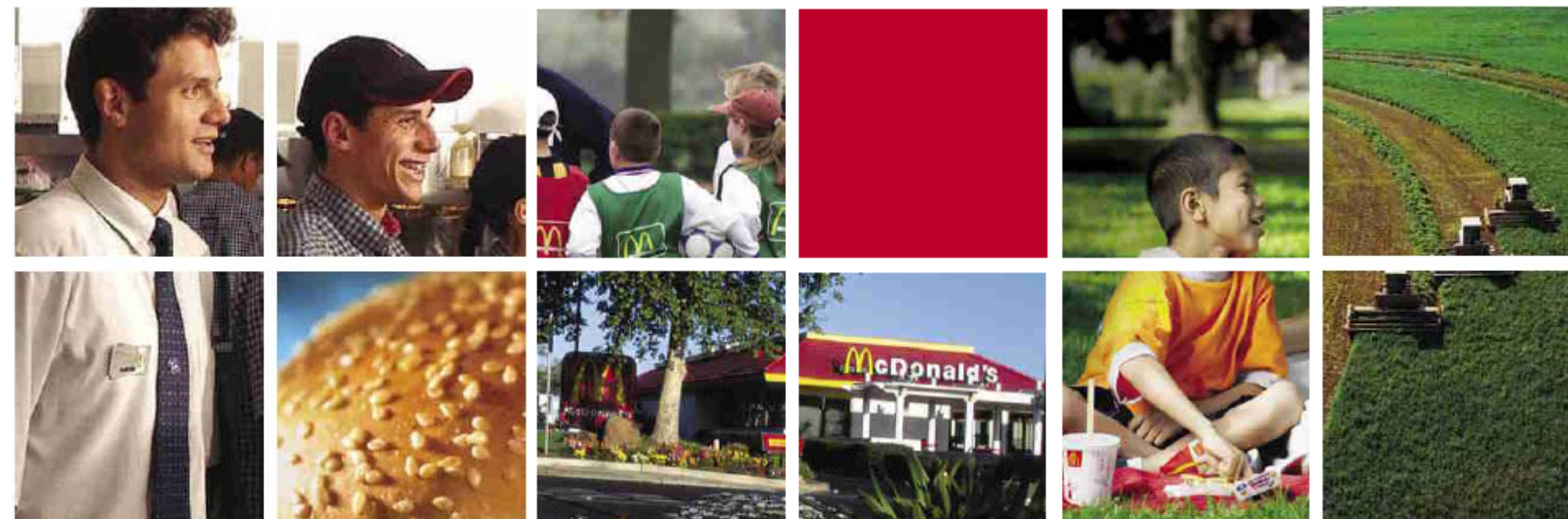




Corporate Responsibility: Why? What? How?



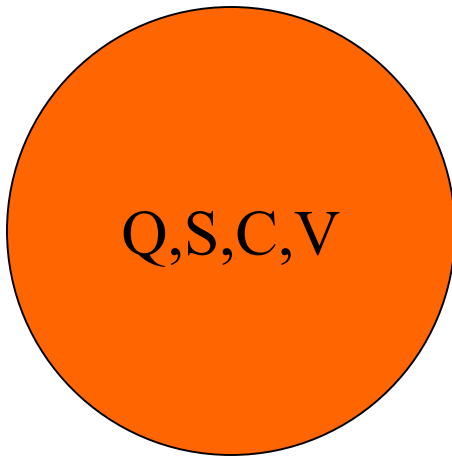
GolinHarris: The Trajectory of Corporate Citizenship

- ⌘ 69% of American consumers say corporate citizenship is “important to their trust in business.”
- ⌘ 52% of Americans are “inclined to start or increase their business due to corporate citizenship.”
- ⌘ 44% of Americans believe corporate citizenship is “heading in the wrong direction.”

Source: GolinHarris, Sept. 2004: “Doing Well by Doing Good”

EXPECTATIONS OF CORPORATE BEHAVIOR EVOLVING DUE TO....

**Economic
Globalism**



**Technological
Transformation**

An orange circle containing the text "Social Responsibility: People, Planet, Profits" in a serif font.

**Social
Responsibility:
People,
Planet, Profits**

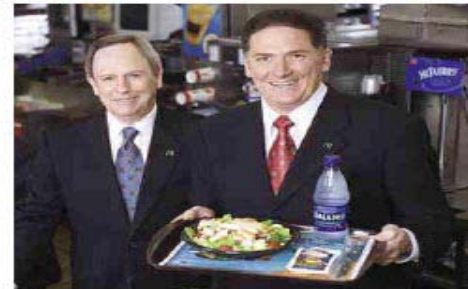
**Non-Governmental
Organization Power**

**Corporate
Power**

**Political
Transition**

*Profits and trust have
something in common —*

THEY MUST BE EARNED.



JIM SKINNER
VICE CHAIRMAN

CHARLIE BELL
PRESIDENT AND CEO

Simply put, being a responsible enterprise is crucial to McDonald's continued success. Today, people want more than a choice of high-quality products at a good value. They also want to know the steps businesses take to operate in an ethical way and contribute to values that match their own. Many times, companies that lose the trust of their customers lose those customers' business forever. Because the truth is, trust is difficult to earn and easy to lose.

We have worked hard over the years to earn trust, and we believe it is one of our greatest competitive advantages. Our

“We have worked very hard over the years to earn trust, and we believe it is one of our greatest competitive advantages...Leadership in corporate responsibility will help us not only build trust in McDonald's and strengthen the reputation of our global brand, but also to be a more profitable business.”

corporate reporting efforts reinforce our global framework and help our stakeholders, internal as well as external, evaluate our progress and assess our aspirations to provide industry leadership and keep improving.

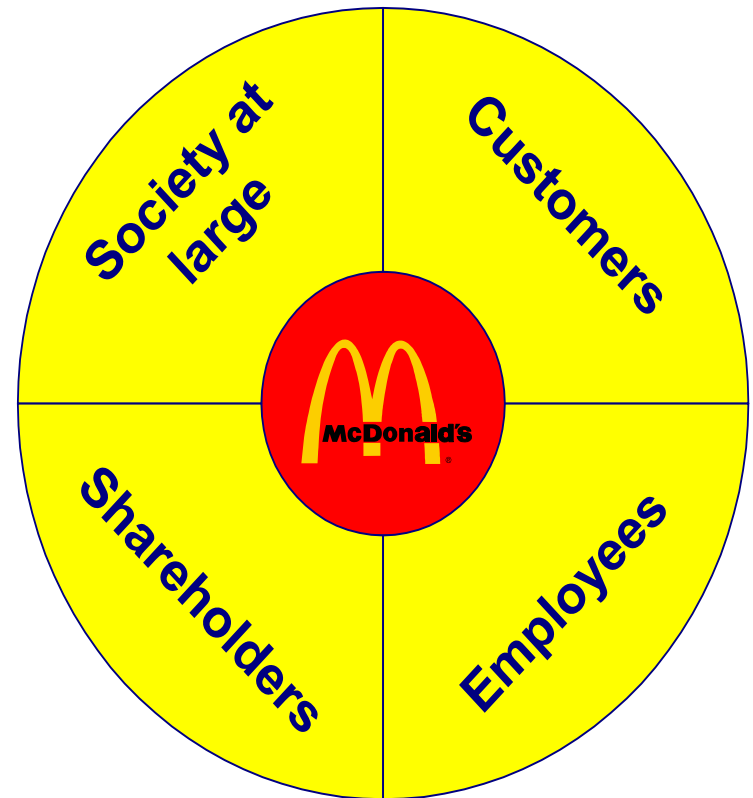
For those of you within the McDonald's System, we thank you for your contributions and ask for your continued commitment to build upon our responsible citizenship efforts. For those of you who are our customers, investors and neighbors - even those who are critics - we thank you for your interest in learning about our social, environmental and economic progress. And, as always, please let us know what you think.

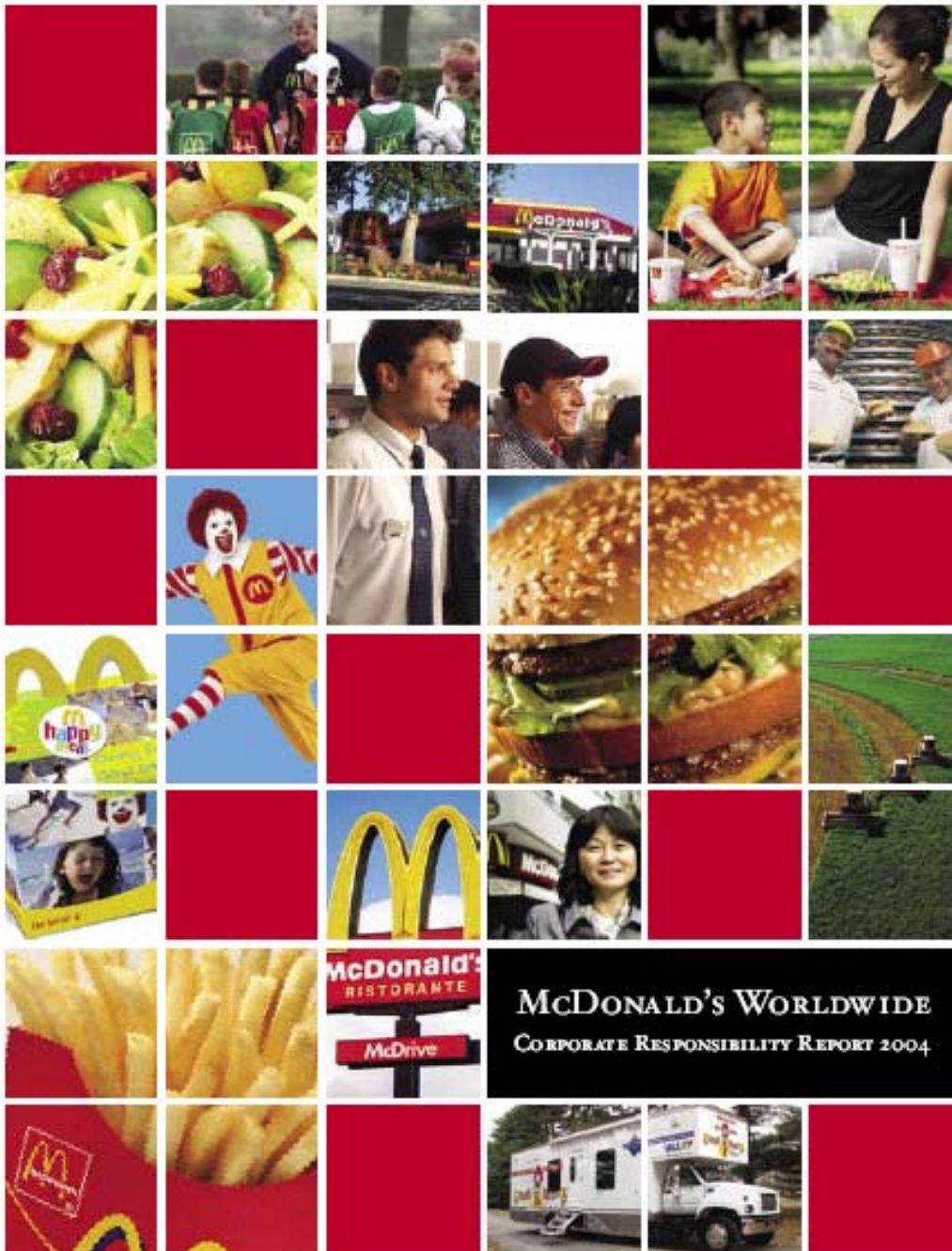
CHARLIE BELL
PRESIDENT AND CEO

JIM SKINNER
VICE CHAIRMAN

The Business Case for Social Responsibility

- ⌘ Employees are looking for more
- ⌘ Define ourselves versus having society at large do it
- ⌘ Good management practice/risk management
- ⌘ For customers, who you are is almost as important as what you sell
- ⌘ New values are entering the capital market
- ⌘ It is the right thing





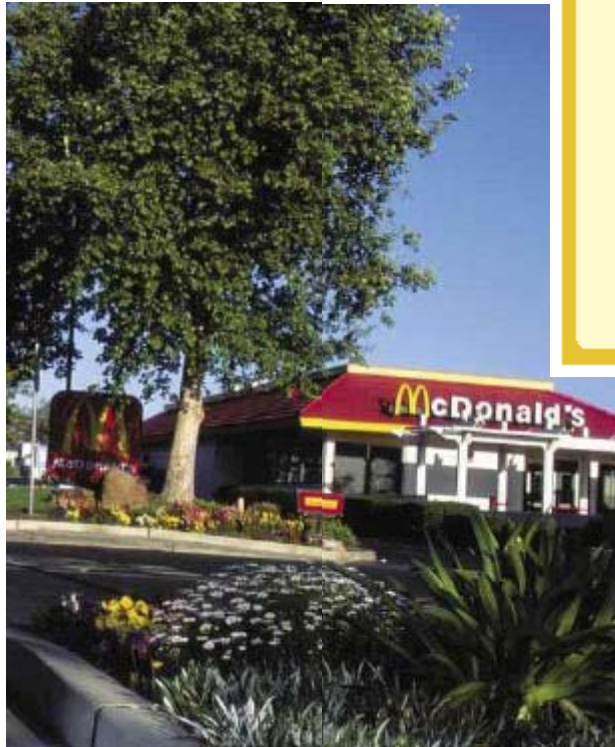
McDonald's Worldwide Corporate Responsibility Report

mcdonalds.com/corp/values

Organizational fit

- Corporate Responsibility Dept. reports to CEO
- SVP: Social Responsibility; Balanced Lifestyles; Ronald McDonald House Charities
- Board committee: Corporate Responsibility
- Cross-functional teams and steering committee
- Building upon our heritage

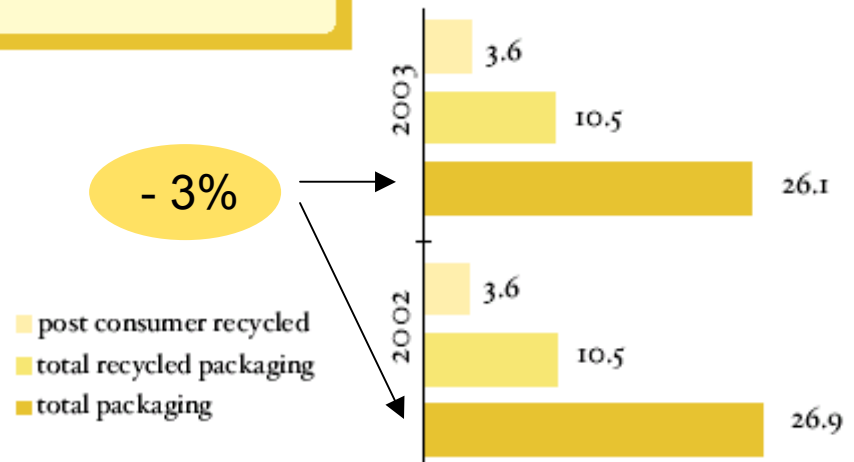
Environmental Efficiency



Running a McDonald's
EFFICIENTLY
*means integrating
the environment into our
daily operations.*



**McDONALD'S PACKAGING
2002 VS. 2003**
Pounds per \$1,000 of sales



Seeking Innovation and Local Solutions

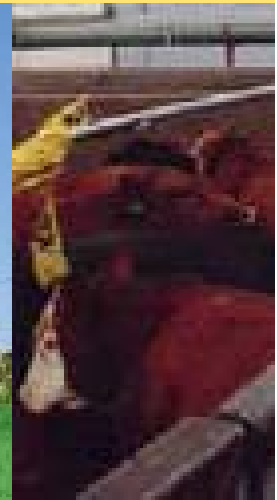


Working with Suppliers

Our

INFLUENCE

*in the marketplace brings
a responsibility to ask for
more than quality
and price.*



Animal Welfare



“McDonald’s integrating animal welfare into its quality assurance program has made a huge difference. I have been in this business for more than 25 years, and I have never seen such a transformation.”

**- Dr. Grandin,
Assistant Professor of Animal Science
Colorado State University**

Supporting Balanced Lifestyles



Menu Choice



Communication



Physical Activity



Opportunity & Development



*It's hard to see a dead end
when there is*
OPPORTUNITY
all around you.



Diversity

Diversity at McDonald's means equal opportunity for all employees and applicants worldwide - a recognition that each of our employees deserves to be treated with fairness, respect and dignity. But it means much more. It means a commitment to understanding, recognizing and valuing the differences that make each person unique.



The European Year of People with Disabilities

McDONALD'S U.S. FRANCHISEES

39% MINORITIES & WOMEN

61% NON-MINORITY MEN



Community Involvement

Caring for Communities



World Children's Day

Economic Impact

	Texas (1,139 Restaurants)
Expenditures on salaries & wages	>\$381.8 million \$1.05 million/ day
Taxes created by generation of new jobs & purchases from other local businesses	\$347.8 million



Disaster Relief

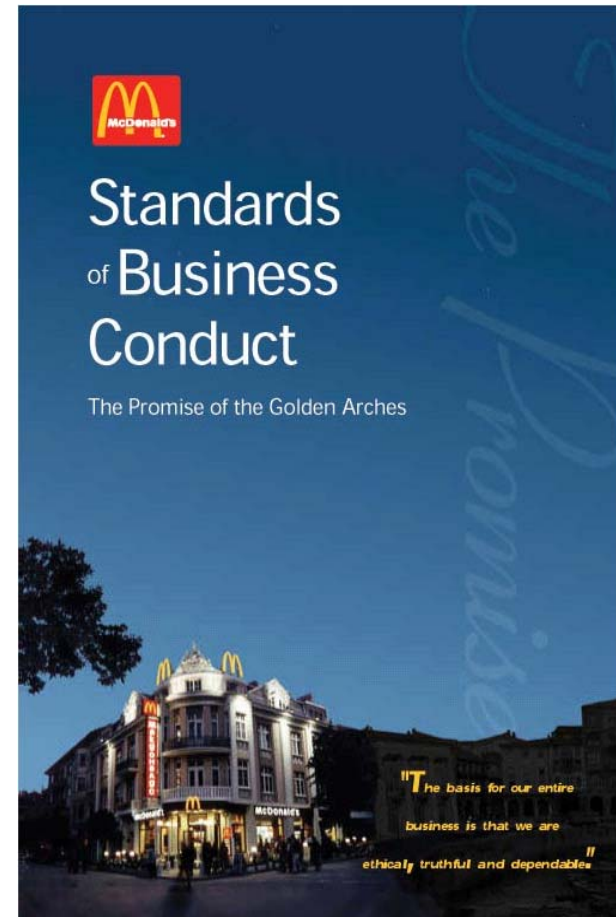


Ronald McDonald Houses

Corporate Governance

*At McDonald's, we believe
that good governance starts
with good*

VALUES.

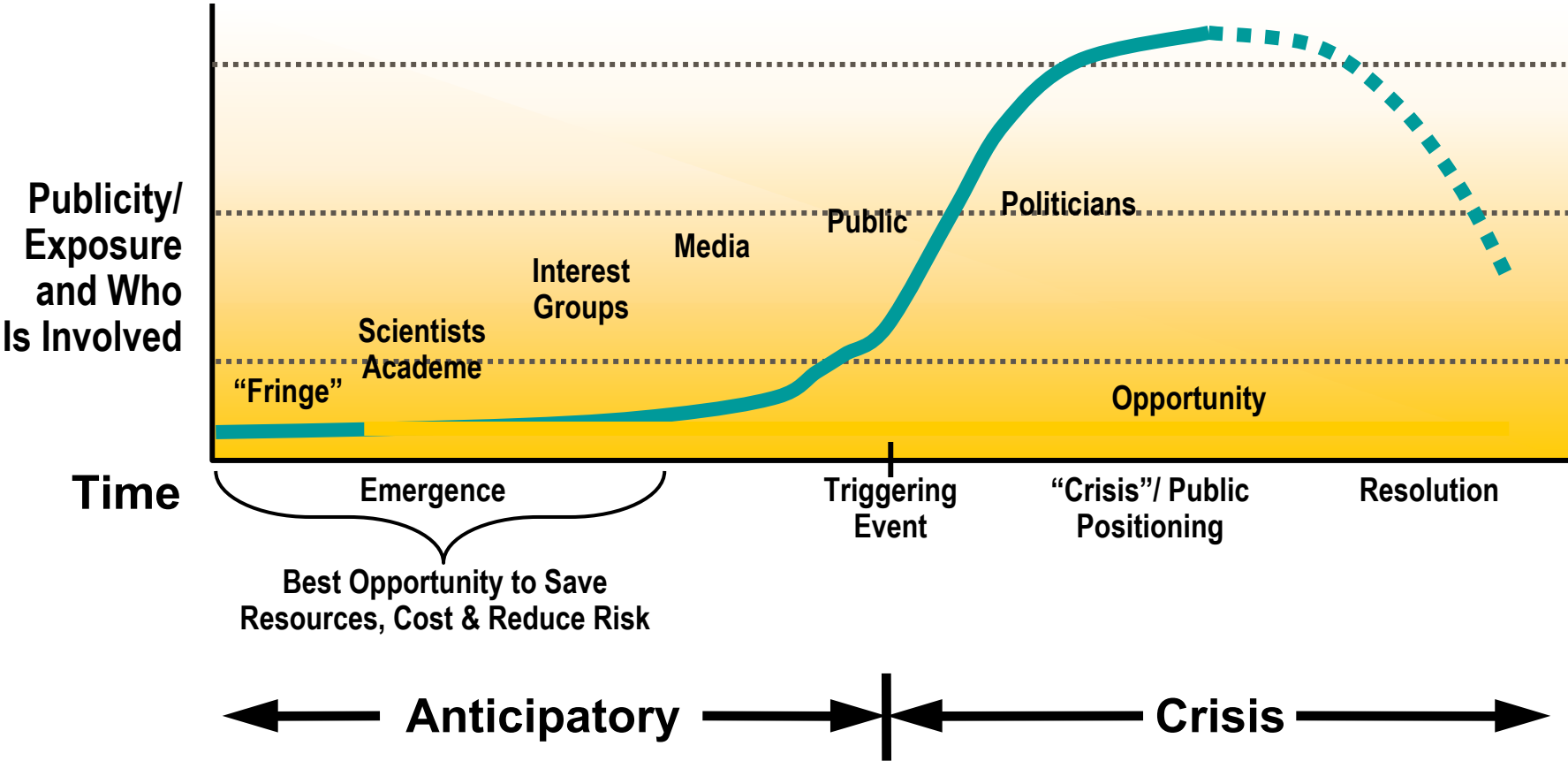


Social Responsibility

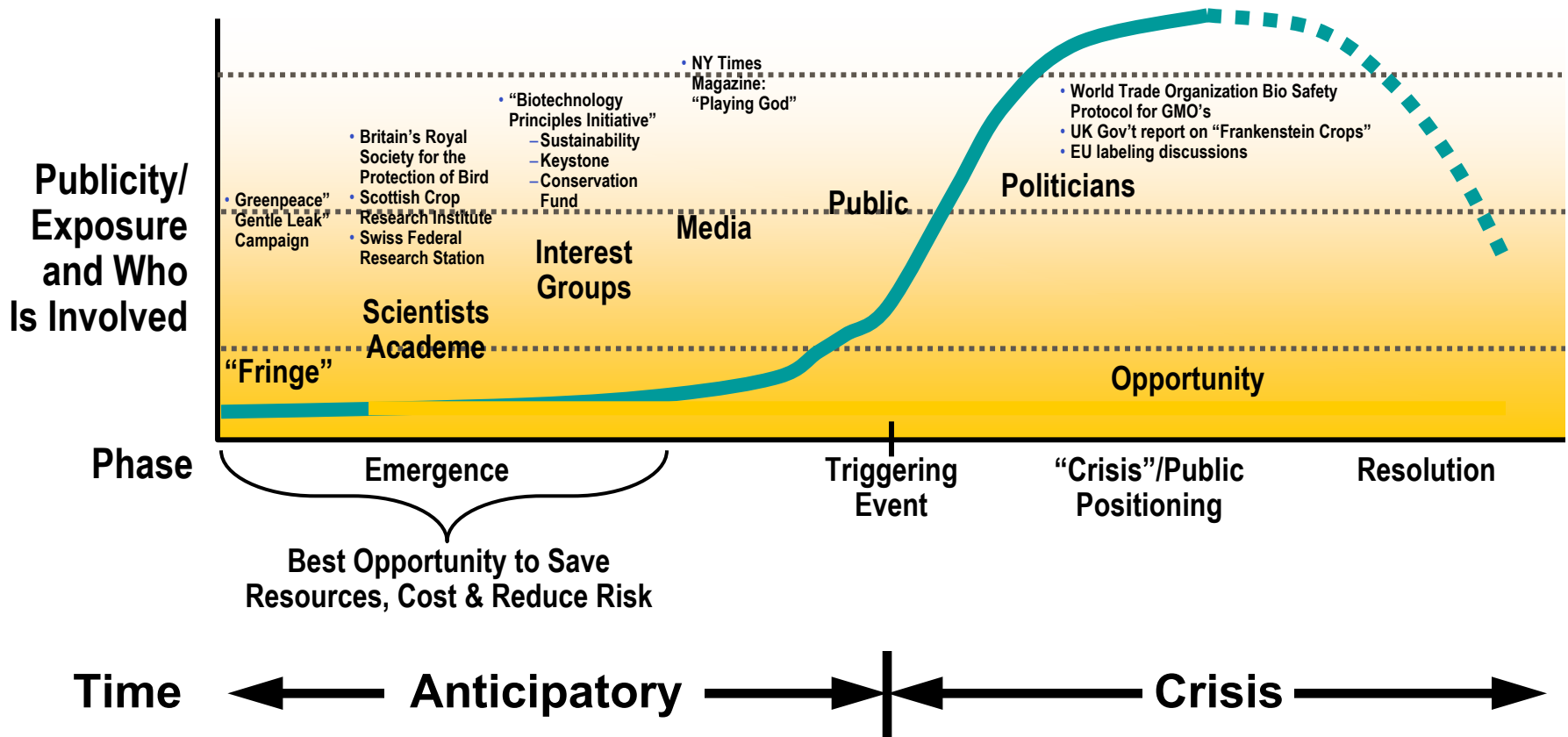
Lessons Learned.....

- Ensure that CSR is not PR
- Seek expert help: join BSR/SustainAbility
- Do an objective internal assessment: the good and bad
- Get leadership involved; establish functional “leads” and teams
- Don’t be insular, but pick your external partners wisely
- Concentrate on metrics; the rest is easier
- Practice “Anticipatory Issues Management”

Anticipatory Issues Management Process



Life Cycle of Genetically Modified Organisms



A Gardener's Action Update

It's a food! It's an Insecticide!

Wise farmers and organic gardeners have long known the benefits of Bt, a naturally-occurring soil bacterium that controls common garden pests such as cabbage loopers, corn borers, and Colorado potato beetles. Applied properly — and only when necessary — Bt is an effective, low-toxicity pesticide. However, this organic gardener's friend has been taken into the genetics lab with a startling result: plants that produce their own Bt.

In the case of potatoes, one of the crops that have been targeted by this research, the Bt is manufactured in every cell of these genetically-altered plants, from the leaves to the tubers. This means that insects, and you, get a dose of Bt in every bite!

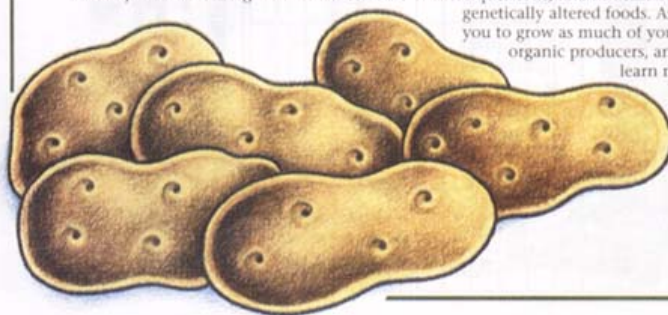
With approval from the FDA, the USDA, and the EPA, some of these Bt-impregnated crops are already on the market. In fact, chances are that you have eaten French fries or potato chips that were made from Bt-producing potatoes. Since there are no laws requiring genetically-altered foods to be labeled, there's simply no way for you to know.

We are concerned that these and other genetically engineered crops are being rushed to market while many questions remain unanswered. What are the long-term effects on humans and beneficial insects from increased exposure to Bt? Will widespread use of Bt reduce its effectiveness as a key pest control for organic farmers and gardeners? And what happens when the Bt-producing gene migrates to neighboring plant species?

Please join us in calling for answers to some of these questions, and in demanding the mandatory labeling of genetically altered foods. As fellow gardeners, we encourage you to grow as much of your own food as possible, support organic producers, and make your concerns heard! To learn more, check out our web site:

[http://www.gardeners.com/
actionupdates.html](http://www.gardeners.com/actionupdates.html)

or write to us at:
Gardener's Supply Company
128 Intervale Road
Burlington, VT 05401



Social Responsibility

